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TO AMEMBASSY ASUNCION PRIORITY
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AMCONSUL RIO DE JANEIRO PRIORITY
AMEMBASSY SANTIAGO PRIORITY
AMCONSUL SAO PAULO PRIORITY

C O N F I D E N T I A L STATE 195066

FOR AMBASSADOR DCM AND PRINCIPAL OFFICER ONLY

E.O. 12356: DECL: OADR
TAGS: AMGT AR BR CI PA UY
SUBJECT: OFFICIAL-INFORMAL

ASDAR FOR JULY 20

(U) ARGENTINA: BOMBING IN BUENOS AIRES. THE GOA REPORTS

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34 PEOPLE ARE CONFIRMED KILLED AND 146 INJURED, MAKING THIS INCIDENT MORE DEADLY THAT THE 1992 ISRAELI EMBASSY BOMBING. SO FAR, THERE ARE NO REPORTED US CITIZEN CASUALTIES. SEARCH AND RESCUE EFFORTS HAVE SIGNIFICANTLY IMPROVED WITH THE ARRIVAL OF THE ISRAELI TEAM. OUR INTERAGENCY INVESTIGATORY TEAM HAS MET WITH ARGENTINE COUNTERPARTS AND IS NOW ASSISTING THEM AT THE SITE. PUBLIC ANGER AND FRUSTRATION HAVE INCREASED AS PEOPLE REALIZE THAT, UNLIKE THE BOMBING OF THE ISRAELI EMBASSY, THIS ATTACK WAS DIRECTED AT ARGENTINES AND ARGENTINE

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: OSCAR J OLSON
DATE/CASE ID: 15 JAN 2009 200705645

INSTITUTIONS. (COOKE)

(U) BRAZIL: FM AMORIM REJECTS UNILATERAL INITIATIVES ON HAITI. REACTING TO PRESS ACCOUNTS OF AMB. ALBRIGHT'S INCLUSION OF BRAZIL AMONG COUNTRIES COMMITTED TO HELP THE U.S. RESTORE DEMOCRACY IN HAITI, AMORIM UNDERLINED THAT BRAZIL BELIEVES THAT MORE TIME IS NEEDED FOR SANCTIONS TO WORK AND DOES NOT SUPPORT ANY UNILATERAL INITIATIVES. IF A MILITARY INTERVENTION IS NECESSARY, AMORIM ASSERTED, THE DECISION MUST BE TAKEN BY THE SECURITY COUNCIL. HE REFUSED TO COMMENT ON THE POSSIBILITY OF BRAZILIAN MILITARY PARTICIPATION IN A SECURITY COUNCIL SANCTIONED INTERVENTION, HOWEVER, SAYING HE DID NOT WANT TO BE HASTY ON SUCH AN ISSUE. (CASWELL)

(C) CHILE: B1

(U) BRAZIL: POLL SHOWS PRESIDENTIAL RACE TIGHTENING. THE DIFFERENCE SEPARATING LULA FROM CARDOSO HAS DECREASED FROM 17 PERCENT TO 9 PERCENT ACCORDING TO A NATIONWIDE DATAFOLHA POLL CONDUCTED JULY 11 TO 13. LULA IS NOW SUPPORTED BY 34 PERCENT OF THE VOTERS VERSUS 25 PERCENT FOR CARDOSO. INCREASED SUPPORT FOR CARDOSO APPARENTLY REFLECTS POSITIVE PUBLIC REACTION TO BRAZIL'S NEW CURRENCY AND INFLATION FIGHTING MEASURES. THREE WEEKS AFTER IMPLEMENTATION OF THE "PLANO REAL" ONLY 20 PERCENT OF RESPONDENTS NOW BELIEVE THEIR PURCHASING POWER IS BEING ERODED BY THE ECONOMIC PLAN, DOWN FROM 43 PERCENT IMMEDIATELY AFTER THE PLAN'S INTRODUCTION. (NEBLITT)

(C) BRAZIL: PLANO REAL UPDATE. FORMER FINANCE MINISTERS MARCILIO MARQUES MOREIRA AND MARIO HENRIQUE SIMONSEN, WHO RETAIN GOOD CONTACTS IN GOVERNMENT AND FINANCIAL CIRCLES, HAVE EXPRESSED SATISFACTION THAT THE INITIAL IMPLEMENTATION OF PLANO REAL HAS GONE SMOOTHLY. THEY SEE THE REAL'S APPRECIATION AGAINST THE DOLLAR AS USEFUL IN STEMMING THE INFLOW OF SPECULATIVE CAPITAL AND

CONTROLING THE MONEY SUPPLY. CURRENT HIGH INTEREST RATES WILL DISCOURAGE CAPITAL INVESTMENT, HOWEVER, AND THEY NOTE THE PLAN IS VULNERABLE TO DEMANDS FOR INCREASED EXPENDITURES--PARTICULARLY WAGE HIKES. WHILE THE PLAN MAY HELP CARDOSO THROUGH THE UPCOMING PRESIDENTIAL ELECTION, ABSENT REAL CONSTITUTIONAL REFORMS TO ADDRESS THE STRUCTURAL CAUSES OF THE FEDERAL GOVERNMENT'S FISCAL IMBALANCES, THE PLAN'S SUCCESS IS NOT SUSTAINABLE. (MATTHEWS)

(U) CHILE: GAS PIPELINE. WE MET WITH THE PRESIDENT & CEO OF LONE STAR GAS, A PARTNER IN A PROJECT STUDYING THE FEASIBILITY OF BUILDING A NATURAL GAS PIPELINE FROM MENDOZA TO SANTIAGO. THE PROJECT ALSO WOULD CONVERT AND EXPAND AN EXISTING COAL-FIRED ELECTRIC GENERATING PLANT IN SANTIAGO TO A NATURAL GAS-FIRED COMBINED CYCLE PLANT. TOTAL ESTIMATED COST OF THE FIRST PHASE OF THIS PROJECT IS APPROXIMATELY USD 500 MILLION. LONE STAR WILL PROVIDE OPERATIONS EXPERTISE AND TECHNICAL ASSISTANCE IN THE GAS DISTRIBUTION PHASE AND MAY TAKE AN EQUITY POSITION. (FEATHERSTONE)

(C) PARAGUAY: [redacted]

B1

(C) ARGENTINA: CONTRIBUTION TO MOG. THE ARGENTINE EMBASSY INFORMED US TODAY THAT ARGENTINA WILL PROVIDE 15 GENDARMES (BORDER POLICE) TO THE MULTILATERAL OBSERVER GROUP (MOG) FOR THE DOMINICAN REPUBLIC. WE INFORMED THE VICE PRESIDENT'S OFFICE. (PLANTY)
TALBOTT

CONFIDENTIAL

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